
CMS Manual System

Pub. 100-20 One-Time Notification

**Department of Health &
Human Services (DHHS) &
Centers for Medicare &
Medicaid Services (CMS)**

Transmittal 125

Date: November 5, 2004

CHANGE REQUEST 3558

SUBJECT: Instructions Applicable to the Audit of Hospitals that are Part of an Affiliated Group in Relation to the “Redistribution of Unused Resident Positions,” Section 422 of the Medicare Modernization Act of 2003 (MMA), P.L. 108-173, for Purposes of Graduate Medical Education (GME) Payments

SUMMARY OF CHANGES: Change Request (CR) 3247, Transmittal 87, issued on May 26, 2004, contained instructions for the submission of a hospital’s timely request to its fiscal intermediary (FI) related to P.L. 108-173, Section 422, “Redistribution of Unused Resident Positions.” CR 3353, Transmittal 92, issued on July 2, 2004, provided additional instructions to FIs related to this section. This One-Time Notification (OTN) provides instructions to FIs regarding the audit of hospitals that are part of a Medicare GME affiliated group in relation to section 422 of P.L. 108-173.

REVISED MATERIAL - EFFECTIVE DATE: December 6, 2004

IMPLEMENTATION DATE: December 6, 2004

II. CHANGES IN MANUAL INSTRUCTIONS:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

III. FUNDING: Medicare contractors only:

Contractors may submit a Supplement Budget Request for MMA funding.

IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification
	Recurring Update Notification

***Unless otherwise specified, the effective date is the date of service.**

Attachment – One-Time Notification

Pub. 100-20	Transmittal: 125	Date: November 5, 2004	Change Request 3558
-------------	------------------	------------------------	---------------------

SUBJECT: Instructions Applicable to the Audit of Hospitals that are Part of an Affiliated Group in Relation to the “Redistribution of Unused Resident Positions,” Section 422 of the Medicare Modernization Act of 2003 (MMA), P.L. 108-173, for Purposes of Graduate Medical Education (GME) Payments

I. GENERAL INFORMATION

A. Background: Change Request (CR) 3247, Transmittal 87, issued on May 26, 2004, contained instructions for the submission of a hospital’s timely request to its fiscal intermediary (FI) related to P.L. 108-173, Section 422, “Redistribution of Unused Resident Positions.” CR 3353, Transmittal 92, issued on July 2, 2004, provided additional instructions to FIs related to this section. This One-Time Notification (OTN) provides instructions to FIs regarding the audit of hospitals that are part of a Medicare GME affiliated group in relation to section 422 of P.L. 108-173.

B. Policy: In accordance with CR 3353, FIs were not to schedule or perform any audits of providers that are part of a Medicare GME affiliated group for the program year July 1, 2003 through June 30, 2004 until receipt of further instructions. On August 11, 2004, the final rule was issued requiring The Centers for Medicare & Medicaid Services (CMS) to use the cost report that contains July 1, 2003, for hospitals that are part of a Medicare GME affiliated group, as the reference period to determine whether a hospital’s FTE resident cap should be reduced. This OTN provides instructions to FIs on how to proceed with the review of those providers that are part of a Medicare GME affiliated group for the program year July 1, 2003 through June 30, 2004. FIs are to do the following:

Excel file – Summary of providers that are part of a Medicare GME affiliated group

FIs shall complete and submit to CMS an Excel file consisting of a worksheet that identifies all providers that are part of a Medicare GME affiliated group for the program year July 1, 2003 through June 30, 2004 for which you are the contractor. The worksheet shall be completed by entering the following data for each provider that is part of a Medicare GME affiliated group for the program year July 1, 2003 through June 30, 2004: provider number, provider name, provider’s fiscal year end, the allopathic and osteopathic Direct Graduate Medical Education (DGME) and Indirect Medical Education (IME) FTE caps, and unweighted DGME and IME FTE count for the cost report including July 1, 2003 (leave this column blank if this cost report has not yet been filed).

A blank copy of the Excel file has been attached to this OTN. Notify Dorothy Braunsar if you have any problems with this file. The completed excel file shall be sent to Dorothy Braunsar at Dbraunsar@cms.hhs.gov as well as the FI’s Regional Office on or before 30 days from date of issuance.

Audits of cost reports for those providers that are part of a Medicare GME affiliated group

CMS has prepared an audit program to review the cost reports of those providers that are part of a Medicare GME affiliated group for the program year July 1, 2003 through June 30, 2004. This audit

program will be distributed under separate cover. FIs are to perform affiliated group resident cap audits utilizing this audit program for each provider that is part of a Medicare GME affiliated group. These audits must be completed by April 15, 2005. In performing these audits, FIs shall comply with the following guidelines: give the provider 2 weeks notice if a field audit is to be performed; include in this notice a request for any documentation needed to perform the audit; all subsequent documentation requests shall be in writing and must give the provider 2 weeks to supply the information; give the provider any proposed adjustments to its resident counts in writing with copies of the adjustment workpapers; give the provider 5 working days to review and comment on the proposed adjustments; and notify the provider in writing that there are no administrative or appeal rights related to the redistribution of residents determination made under section 422. FIs shall not issue Notices of Program Reimbursement (NPRs) at the completion of these audits. However, any adjustments to resident counts determined in these audits should be considered when the NPR for settlement of the cost report is issued.

FIs shall create an audit plan based on the thresholds provided in the audit program. This audit plan should identify the provider name, provider number, FYE, type of audit to be completed (desk or field), the estimated hours to complete each review, and the estimated start and completion date of each review. In preparing the audit plan, keep in mind that audits may be completed as desk or field audits, normal audit timelines have been modified, and that some of the cost reports may not be filed until November 30, 2004. The audit plan shall be sent to Dorothy Braunsar at Dbraunsar@cms.hhs.gov and the FI's Regional Office no later than 30 days from date of issuance.

Budget

FI's requiring additional funding for these audits are to prepare and submit a Supplemental Budget Request (SBR) on or before 30 days from date of issuance. Use the miscellaneous code, Program Management 88601 in submitting your SBR. This code shall also be used for reporting your actual expenditures.

Please note that the workload and costs associated with these audits are not to be reported in CASR.

C. Provider Education: None.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility (place an “X” in the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	

Requirement Number	Requirements	Responsibility (place an “X” in the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3558.1	The FI shall complete the excel spreadsheet attached to this OTN with the required information. The FI shall submit the completed spreadsheet to Dorothy Braunsar at CMS as well as the FI’s Regional Office by 30 days from date of issuance.	X								
3558.2	The FI shall complete an audit plan based on the affiliated group resident cap audit program and submit this plan to Dbraunsar@cms.hhs.gov and the FI’s Regional Office by 30 days from date of issuance.	X								
3558.3	If necessary, the FI shall submit an SBR for activities related to this OTN by 30 days from date of issuance.	X								
3558.4	The FI shall conduct either a desk or field audit using the affiliated group resident cap audit program for all providers that are part of a Medicare GME affiliated group for the program year July 1, 2003 through June 30, 2004 in determining the necessity of revising the provider’s GME and IME FTE cap. The audits shall be completed by April 15, 2005.	X								

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: December 6, 2004 Implementation Date: December 6, 2004 Pre-Implementation Contact(s): Dorothy Braunsar, 410-786-4037 or Dbraunsar@cms.hhs.gov Post-Implementation Contact(s): Dorothy Braunsar, 410-786-4037 or Dbraunsar@cms.hhs.gov	Funding for Medicare contractors is available through the supplemental budget process for activities identified in this change request.
---	--

***Unless otherwise specified, the effective date is the date of service.**